

Approved as Submitted: June 1, 2005

**CITY OF MORGAN HILL
JOINT SPECIAL CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – MAY 20, 2005**

CALL TO ORDER

Mayor Pro Tempore/Vice-Chairman Tate called the special meeting to order at 8:33 a.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, Sellers, and Mayor Pro Tempore/Vice-Chairman Tate
Absent: Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

PUBLIC COMMENT

Mayor Pro Tempore/Vice-Chairman Tate opened the floor to public comments for items not appearing on this agenda. No comments were offered.

WORKSHOP:

1. STUDY SESSION REGARDING PROPOSED 2005-06 BUDGET

City Manager/Executive Director Tewes presented opening comments regarding the proposed Fiscal Year 2005-06 Budget.

Budget Manager Thai addressed General Fund Revenues, including general fund tax revenues, vehicle licensing fee, history of sales tax revenues, and recreation revenues.

Finance Director Dilles addressed the Council's budget sustainability strategy and balancing the budget thru equaling expenses and revenues by 2008 with a 25% general fund reserves. He indicated that the Council has agreed to raise new revenues by this amount in the near future. He addressed General Fund projections without new revenues.

Council/Agency Member Sellers noted that in 05/06 and 06/07 expenditures and revenues increase. Dilles said that indoor recreation and outdoor sports complex attribute to increase in costs.

Mr. Dilles indicated that the numbers presented have assumptions. Assumes 3% increases in costs and 5% increase in sales tax and property taxes each year as economy impressed. Increase costs associated with health care premiums. There is a 2% savings in salary based on unfilled vacancies. Assumptions

assume that the Council approves increase in fees. No new employees to be hired except in recreation side. We will look for efficiencies but maintain existing staffing. This is assuming no expansion in fire services, city hall operations, or park maintenance. Another assumption is that the RDA cap will be increased. The Agency will take steps to increase these caps. It is assumed that the cap will be reached in FY 07/08. The City would receive additional property tax but would result in the elimination /reduction of RDA services or find ways to provide services. Once IRC opens it is assumed that it would be a break-even operation in third year of operation. Retirement benefits are a big factor and continue to rise. The City is not showing anything beyond 3% at this time.

Fire Chief Ben Lopes indicated that Battalion Chief Ken Kemna, assigned to the Morgan Hill area, was also in attendance. He said that this is the first time in 10 years of providing city services that he has been invited to make a budget presentation. During 10 years of serving city they have been providing quality service with low maintenance in staff. He said that there are 22 FTE in the City of Morgan Hill. Provide services through two fire stations, three fire persons per fire engine. He stated that the County Fire Department has an automated aid agreement with the California Department of Forestry (CDF) for services in Morgan Hill and Gilroy at no charge as the County provides reciprocal services to CDF. Issues for this budget year presentation are the fees mentioned. He addressed response times. He would agree to assist the City in review the fees and see if there are opportunities to raise fees for the City. Wants to be active partner in any new revenue stream. Contract extension will include funds for the replacement of fire replacement offices. An estimated \$425,000 is to be funded from impact fees. Budget for this year and upcoming year have been discussed with City staff in terms of how to deliver services to Morgan Hill, unincorporated areas, and Gilroy. This will be a significant challenge if you look at current budget. In 2003 LAFCO studied fire services and found fire deficient services. Will be third fire department in California to be fully accredited. The accreditation audit also identified additional need for fire service in south county regionally. He requested Council assistance with other elected officials as well as City of Gilroy.

City Manger Tewes identified what the fire budget will accomplish, including an implementation strategy to address the need for additional fire service in South County. He indicated that County Fire provides the City with monthly performance indicators.

Mayor Pro Tempore/Vice-chairman Tate opened the floor to public comment on the proposed Fiscal Year 2005-06 budget. No comments were offered.

The Council addressed expectations from the budget workshop as follows:

Mayor Pro Tempore/Vice-chairman Tate will consider department budget presentations and will request that staff respond to questions he may have.

Council/Agency Member Grzan said that this is his first time through the budget process and that he may have more questions than the other council members in order to verify his assumptions. He would be seeking information from staff in order to be able to explain to citizens and the community conversations about the budget, which include statistics, numbers, and indicators.

Council/Agency Member Sellers said that he would be looking at how the proposed budget will provide services. He noted that the City is increasing services and programming in the recreational services side. He said that he would be keeping a close eye on public safety with respect to police and fire services. He would like to know what the \$1.2 million will address in terms of services.

Council/Agency Member Carr would like to know how the budget addresses Council goals.

CITY CLERK'S OFFICE

Council Services & Records Manager Torrez presented the City Council, Community Promotions, Council Services and Records Management, and Elections budgets. She indicated that City Clerk staff assists with the coordination of meetings, recruitment process to fill vacancies on boards and commission and acts as the liaison between citizens and their elected officials. The Fiscal Year 2005-06 budget proposes to continue coordination of local and regional meetings. She stated that the Council budget is lean and includes the following: \$25,000 for a follow-up community survey; amendment to the terms of office for boards, commissions and committees, and funding for membership to ABAG, League of California Cities, and Cities Association.

Ms. Torrez addressed the Community Promotions budget. She indicated that City Clerk staff produced proclamations, certificates of recognition, facilitated requests for funding before the City Council by non-profit organizations. She stated that the Fiscal Year Budget includes \$25,000 for centennial activities from a one time source (not the general fund), but does not include funding for sponsorship for Independence Day Inc. or other non profit organizations.

Council/Agency Member Sellers inquired whether staff has notified community organizations that no funding assistance is proposed in the Fiscal Year 2005-06 budget. If not, he recommended that they be advised as soon as possible.

Ms. Torrez addressed the Council Services & Records Management budget. She stated that historical documents continue to be scanned; staff coordinated the Patriot Day event; anticipates the processing over 1,100 passport applications (will generate over \$30,000 in revenue this fiscal year). Next year's budget proposes to enhance passport services, making City Hall a one stop center. Passport revenue is projected to be at \$22,000 next fiscal year. However, she noted that the Post Office has also become a passport acceptance facility. The Fiscal Year 2005-06 budget will maintain the current staffing levels. The staffing level will assist in meeting the Council/City goals and objectives.

Ms. Torrez addressed the elections budget, indicating that election costs continue to increase. The Fiscal Year 2004-05 budget facilitated a consolidated election to elect a Mayor, 2 Council Members, City Treasurer, City Clerk and the passage of Measure C. The Fiscal Year 2005-06 budget does not include funding for a special election. Should the Council or citizens of Morgan Hill qualify a ballot measure in Fiscal Year 2005-06, the Council will need to allocate funding for the special election from the General Fund reserve. She indicated that staff will continue to notify and track campaign disclosures forms from committees as well as Conflict of Interest forms for designated filers.

In response to Council/Agency Member Sellers question, Ms. Torrez did not believe that the City would be required to contribute toward a special election should the Governor call for a special election. She indicated that she would confirm whether the City would be burdened with the costs associated with a statewide special election.

Council/Agency Member Carr stated that Independence Day Inc. (IDI) may have an expectation that there will be no funding for their programming next year.

Council/Agency Member Sellers said that it needs to be made clear to non-profit organizations that there is no funding. Further, that it is important for the five elected officials to stay firm on the no funding allocation decision.

CITY ATTORNEY'S OFFICE

City Manager Tewes addressed the City Attorney's budgets. He said that the budget proposes funding for a full time City attorney starting October 1, 2005. He noted that the Council has not made a decision regarding this issue. He addressed the cases resolved and cases underway in the City Attorney's office. He clarified that a reduction in services stems from less office hours with a contract city attorney versus a full time city attorney. He said that maintaining this level of service will result in cost savings. Staff will need to evaluate whether this is a sufficient level of service.

CITY MANAGER'S OFFICE

City Manager Tewes addressed the City Manager's budget, indicating that it is a status quo budget. He stated that half of his salary is paid with Redevelopment Agency Funds (RDA) and should the RDA not be extended, half of his salary from RDA would be impacted. He said that administrative services were evaluated and the results showed that there would be reduced costs associated with an administrative services department. However, this model would adversely affect employees. He stated that a lot of time and energy was devoted by a group of staff members and that it resulted in frustration. He informed the Council that this study is still available. He addressed the communication's budget, indicating that \$25,000 is being allocated for a communications marketing campaign on the level of city services desired by the community.

HUMAN RESOURCES

Human Resources Director Mary Kaye stated that the Human Resources office is operating with 1.5 less staff members. Staff has conducted 20 regular recruitments and have 9 open recruitments to fill. She said that 105 temporary/seasonal workers were hired this fiscal year for the aquatics center. She addressed the services to be provided next fiscal year and the assistance to be provided to staff. She said that the current budget provided professional development of human resource staff members. Next year's budget will provide additional focus to employee development and succession planning. Focus will also be given to enhanced recognition, including enhanced benefits for employees (getting more for dollars). She addressed the unemployment and workers compensation budget

FINANCE DEPARTMENT

Finance Director Dilles indicated that the City continues to receive financial awards. Finance staff conducted an internal customer service survey with a goal to improve services. Three bonds were issued: police facility, water capital project, and refinanced Madrone Assessment bonds. He stated that the City is taking advantage of low interest rates. The City has also upgraded its financial system and updated the administrative purchasing procedures.

Mayor Pro Tempore/Vice-chairman Tate recommended that the financial system upgrade be used as a marketing tool to communicate to the public the systems implemented that address efficiencies and responsiveness to customers.

Mr. Dilles stated that next fiscal year, the Finance department proposes to conduct a banking services RFP; to work with the Financial Policy Committee to develop policy recommendations; to conduct an external customer survey; to conduct a fixed asset inventory; to conduct a cost allocation study; and to work with the Financial Policy Committee to engage in a year long community conversation about revenues. He indicated that the budget includes: \$30,000 for a cost allocation study, and will provide professional development needs, funding for the replacement of computers, implementation of a new financial system, and provide for a check endorser.

Council/Agency Member Sellers inquired whether the GASB (Governmental Accounting Standards Board) would provide information that would compare Morgan Hill with other cities (e.g., roads, water, sewer lines, recreation services, etc.). He felt that it would be easier to explain issues if the City is able to compare itself with other cities. This information may be helpful with next year's communication with the community.

Mr. Dilles indicated that the State produces reports that provide statement information, but it is old information once it is released.

RECREATION AND COMMUNITY SERVICES DIVISION

Recreation and Community Services Manager Spier addressed the mission of the Recreation and Community Services division. She addressed the following accomplishments: completed the outdoor sports complex master plan and Phase I Plan; began the design phase for library building project; established division monthly reports. Accomplishments for the Community & Cultural Center (CCC): 10% increase in rentals; implemented an art exhibit series, developed a playhouse marketing plan; introduced new classes; hosted annual Art a la Cart; installed a Rose Garden; and implemented a customer services survey. She addressed the requested budget for the CCC and anticipated revenue. She addressed the CCC operational changes (e.g., decentralization of volunteer services program and moved facilities maintenance specialist position). The Fiscal Year 2005/06 CCC goals include increased mid-week facility rentals by 10%; increase playhouse rentals by 15%; implement focused marketing plan to increase revenues; and increase number of classes offered to meet minimum enrollment by 50%.

Ms. Spier addressed the Fiscal year 2004/05 aquatics center accomplishments (e.g., grand opening held June 12, 2005; exceeded goal of 55,000 daily paid admission; hired and trained over 100 local youth;

implemented swim lessons, added fitness classes, provided for recreational swim, held competitive swim and special events; initiated food concessions and retail operations; provided 621 low income youth with transportation and paid admission through CDBG funding; hosted 5 swim competitions; hosted Disney's Swim with the stars, and submitted application for Helen Putnam Award for excellence). Goals are to develop a strategy that would generate revenue during the off season and develop a policy that addresses year round use of the aquatics center. She indicated that staff is considering a master training center. She stated that a report to the Council will be presented by July 15 on how the aquatics center is doing and whether it can remain operational off season.

Aquatics Manager Himelson addressed improvements occurring at the aquatics center.

Mayor Pro Tempore/Vice-chairman Tate noted that the budget states that aquatics center will be \$135,000 short. He inquired whether a plan would be presented that shows how the aquatics center will break even or whether it needs to close during the off season.

Ms. Spier stated that by July 15, 2005, staff will advise the Council whether the aquatics center should remain open or close during the off season if budget (revenue) target is not achieved.

Ms. Spier addressed funding for the indoor recreation center (IRC). She stated that IRC staff will be hired in July. Staff will be working with the YMCA and making a proposal on a City/YMCA partnership. This report will be presented to the Council before the next budget year.

City Manager Tewes noted that the nutritional issue is the County's responsibility and that it was not built into the 5 year plan.

It was stated that some of the programs at other buildings will have to be moved and covered at the IRC, such as pool maintenance.

Mayor Pro Tempore/Vice-chairman Tate asked how we justify to the public what they are getting for the dollars invested.

City Manager Tewes stated that the budget is focused more on discretionary revenues rather than user fees. The mix has changed, but wants to show the recreational services in Morgan Hill will require \$1 million discretionary dollars, which is about 5%.

Ms. Spier stated that we provide many free recreational services to the community, such as Art ala Carte. Aquatics center rates are lower than costs, as they are not charging 100% recovery. We have dropped after school program as budget has gotten tighter. IRC has some challenges, such as the senior wing and youth wing providing several free hours. The fitness side of the IRC has to cover the costs of other wings.

Council/Agency Member Grzan suggested possibly increasing mid-week rentals. Also asked what percentage of classes offered are cancelled.

Ms. Spier said is has dropped from 60-70 percent to 30 percent. This includes the special activities, and includes the playhouse too. Staff is working to come up with a tool to gauge this.

Council/Agency Member Grzan asked if they know where the losses occurred at the aquatics center.

Aquatics Center Director Himelson stated that the loss was about \$100,000. The original projections were for a loss of about \$35,000 per month if they closed the pools, plus the cost to reopen the pools. It was believed that it was better to stay open and try to generate income during those months rather than closing the facility and having no chance of recovering the costs.

Council/Agency Member Grzan stated that he wanted to make sure that the Council understood that there are costs generated whether the facility is operating or not, and that the notion that recreation programs can be 100 percent cost recovery is not possible. He would like to see a policy adopted that is more practical of what the General Fund contribution will be to sustain these programs rather than operating in a manner that is not realistic.

Mayor Pro Tempore/Vice-chairman Tate stated that a pledge was made to the public to make these operations cost recovery, and that this is a goal to be sought.

Council/Agency Member Grzan stated this is not realistic, and that is needs to be re-evaluated based on the loss of \$274, 000 last year, when he thought they were supposed to break even last summer.

City Manager Tewes stated that at this time last year they did not yet know what the operations of the aquatics center would generate because it was the first year. The city accepted the offer of the Morgan Hill Aquatics Foundation to lease the facility in the off-season to generate revenue, but this did not work out due to lack of sufficient resources and the city had to reassume management during the off season. Last year's plan for the off season was brought before the Council in October, but this year the plan is to be brought in July so that it can be in place in time for next winter's season. The city is accountable to achieve the goal, but we want to be realistic in the presentation. He also feels that we will be able to generate more revenue next year.

Council/Agency Member Grzan also expressed his concern that it is unlikely that the IRC will be able to draw enough population from Morgan Hill and the surrounding cities to make it a viable operation. He wants to see the goals re-evaluated. He is concerned that the fees may become prohibitive for local residents, and that it would not be right to keep local residents from using the recreational resources. The ultimate vision would be to go to a subsidy level at some point that will allow the majority of residents to use the facilities, with subsidies coming from a new revenue base to support recreational services. He stated that if the recreation deficit could be solved, it would help the overall deficit of the city as well.

Council/Agency Member Sellers stated that he felt they may have put themselves in a box declaring that these facilities would be able to pay for themselves, and the Council needs to communicate this to the

community so they will know there is a choice between paying a higher price and subsidizing the costs. We also need to have better management of the facilities to get more cost recovery.

POLICE DEPARTMENT

Chief Cumming reviewed the accomplishments and goals of the police department as outlined in the budget presentation. Reported that they have been able to free up more officers to do policing work. The department has a very thin level of police staffing for a city of this size. Property is being handled very well, and is now one of the top ten property room operations in the state. This is possible because of the new building. They have hired a part time Emergency Office Coordinator ½ time for this year to study needs, and may go to full time in the future. Reported they have hired someone trained to shoot tranquilizing darts into animals such as mountain lions, so they won't have to kill the animals.

He stated his goal to reorganize the department is intended to shore up areas where there are deficiencies and create opportunities for staff growth. He has added a Sergeant to the Special Operations Division because this is a critical area of the department that manages a variety of persons and issues, and this level of supervision is very common in other police departments. The current supervisor is a corporal, and this limits the ability to manage other staff members of the same rank. He also stated the need for a supervisory position over the dispatch unit. The new organization he is proposing will improve their ability to provide more sensible policing. The crime suppression unit is intended to get criminals off the street. They ran an experimental test and found that there were no burglaries during that time period. They are also stepping up traffic enforcement to slow down traffic, and he intends to improve the reserve officer program to get more manpower on the street at a lower cost.

He stated that the most visible program to be eliminated will be the canine program, but felt it was better to lose that than to lose an employee. This will save about \$26,000. He has also reduced the budgeted amount for training and is cutting back on fire arms training in order to reduce overtime costs since this is the only time that is available for such training at this time.

Council/Agency Member Grzan asked if consideration has ever been given to centralized dispatch, since in his experience this can result in significant savings.

City Manager Tewes asked that the investigation of the possibility of joining with the County be added to the Workplan for next year. He stated that it was his understanding from Chief Lopes that their attempt at this type of consolidation of dispatch services has been very dissatisfactory for them.

Police Chief Cumming stated that he has seen both sides of this issue, and sometimes it works and sometimes it doesn't. He believes the citizens of Morgan Hill will not be satisfied with such an arrangement; and noted that when you join with others you lose the ability to meet the needs of your particular city.

Council/Agency Member Grzan stated that he felt it works better because of the pooling of resources, and feels that it would be worthwhile to look at this option.

Ms. Patti Yinger, current supervisor of the dispatchers, stated that our dispatchers handle more than normal dispatcher in that they take reports that aid the community and relieve the officers of this work. She has studied this and feels it would actually cost the city more to go with the county.

Council/Agency Member Sellers asked if the PD would be amenable to having an organization such as the Community Law Enforcement Foundation assist the police department with support.

Chief Cumming stated that he is open to all ways of funding his staff and department to make the city as safe as it can be.

In response to a question by Council/Agency Member Carr, the Chief stated that MHUSD is helping to fund the position of the School Resource Officer at \$57,000.

Council/Agency Member Carr stated that he appreciates the PD and all they do for the community, and he likes the idea of bringing the PD closer to the community. He asked if that still part of the plan since they are eliminating the canine program which brings officers closer to the community.

Chief Cumming stated he does not like cutting this program since it is good public relations and does make the community safer. It also provides a way to recruit good employees who want to do that type of work.

In response to a question about overtime by Council/Agency Member Grzan, the Chief stated that it is very high because the staffing levels are so thin. All training and special details are done in overtime, and recently there have been several officers out for family leave, and their positions must be filled by overtime hours.

Council/Agency Member Grzan asked if the addition of more full time staff would reduce the costs because of the elimination of so much overtime.

The chief stated that it would relieve some, but not all the overtime. Some is due to officers being required to attend trials. The overtime does not seem to be affecting moral, but the area of dispatch may be an area where there is some concern.

City Manager Tewes reported that one of the areas of concern expressed was the increasing workload and the lowering of staff levels city wide.

COMMUNITY DEVELOPMENT

Community Development Director Molloy Previsich presented the budget for her department.

Council/Agency Member Sellers asked if automated permit tracking has been analyzed to see if it would alleviate some of the costs of adding staff.

Community Development Director Molloy Previsich stated that she feels it might be better to wait a couple of years as the technology will be better.

Council/Agency Member Tate asked about island annexations that are planned and whether they include areas exempted from Measure C.

Community Development Director Molloy Previsich stated that Holiday Lake Estates is not identified as an island yet, and is not in the urban service area. Next month a request is being made to LAFCO to include it in the urban service area; and at that point, it could be called an urban island and would qualify for this streamlined procedure without an election vote. LAFCO strongly recommends that cities move forward to get these islands annexed during this brief window of opportunity. Residents will be contacted and informed of the advantages of being annexed.

PUBLIC WORKS

Director of Public Works Ashcraft reported that staffing is still 57.5 in PW, which is the same as last year. There is only about \$1 million dollar increase in the PW budget; mainly in the area of water and sewer, and mainly because of perchlorate, pump tax and energy cost increases.

He reported that there has been very strong residential development in town. There was a very active CIP last year and this will continue in the coming year. The IRC is under construction, and footings will be dug soon. This year parks were cut to meet the budget requirement by eliminating broad leaf control and reducing turf renovation in parks. Street rehabilitation funding is the biggest obstacle to be overcome in the budget.

He stated that the good news is that water demand vs. water supply is improved. They are adding some new wells this year so should not have a water shortage or a need for water conservation this summer.

BAHS

Director of Business Assistance and Housing Services Toy stated that next year will be a watershed year to either keep the RDA going or ramp down activities.

Council/Agency Member Sellers stated that the Downtown will need about \$100,000 for the transition, which can come out of the \$700,000.

Director Toy stated this would not be a problem; they are planning on more funding for them.

CAPITAL IMPROVEMENT PROGRAM

Assistant Director of Public Works Bjarke presented the CIP budget.

Regarding the Fire District, Council/Agency Member Sellers questioned \$1100.00 per square foot cost.

Assistant Director of Public Works Bjarke reviewed the sewer and water projects, street projects, and downtown traffic calming projects planned for next year's budget.

Council/Agency Member Sellers stated his concern about the traffic flow and signal timing of the east/west flow on Cochrane and north/south flow on Butterfield.

Mr. Bjarke stated that the downtown calming 1st phase has been completed by painting the lanes narrower. They have also planted trees on 4th street to create a canopy effect, and the last item will be the installation of rubberized speed cushions in about two weeks on the approach to Third Street. Due to funding constraints, Third Street was chosen to have these installed first since the highest speeds were recorded at that intersection. They are also studying a left turn lane for Monterey Road and Main Avenue intersection to make it easier for drivers to access Butterfield Boulevard and relieve some of the downtown traffic flow.

Council/Agency Member Sellers asked that the downtown association be notified and kept apprised of this process.

Mr. Bjarke reported on the Butterfield extension targeted for 2009-2010; the Tennant Avenue widening which is hoped to be constructed this summer and fall; the establishment of an undergrounding utilities district on Monterey Road; and the backlog of pavement rehabilitation projects. He stated that he had provided them with more detail on the current \$11 million in deferred needs. They have been using some RDA funds, but those are no longer available to them. Proposition 42 is supposed to give sales tax from gasoline to fund these projects, but the state has been taking these funds. They hope to recover \$151,000 from the state in the coming year. Their current available amount is only \$100,000 annually; and they would need \$2.8 million to keep up with the maintenance needs. The backlog has been growing for years; the streets will continue to deteriorate and the repairs would become more costly so the quicker they can be repaired the better.

City Manager Tewes stated that the transfer of General Fund monies into street maintenance was stopped three years ago.

Director of Public Works Ashcraft stated that even though we are behind in our maintenance, we are still ranked in the top 10 percent of cities in the bay area region for pavement maintenance because of the ability to use the RDA monies. Other cities are in much worse condition.

Continuing, Mr. Bjarke stated that in lieu fees are collected from smaller developers who cannot afford the cost of undergrounding of utilities.

Council/Agency Member Sellers asked staff to look into the undergrounding of utilities in front of the Morgan Hill house as improvements are made to that property.

Mr. Struve stated that he would prepare an estimate of the cost to do that job.

WATER

Assistant Director of Public Works Bjarke reported that there would be one more new well on line this fiscal year; that the new water reservoir at the Boys Ranch is under construction at this time; currently work being done on the booster pump at Jackson Oak Station with Woodland Acres and Glen Ayre on schedule for the future; water wells are being rehabilitated for more reliability and efficiency as they age; water mains are being replaced; and Polybutylene service replacement is being slowly replaced with copper service lines. He also reported that the CIP has been reviewed and commented upon by the Parks and Recreation Commission and the Planning Commission.

Council/Agency Member Grzan recommended that there be a linear park built from Little Llagas Creek to Watsonville or even further, and wanted to know if there were resources to study and identify property to be obtained to allow this to be done. It would give three schools close to that area access to the IRC. He strongly advocated that this be studied.

City Manager Tewes reported that this is part of the PL 566 project and they are advocating with congress to fund. The plan is in place but the resources are not available.

Public Works Director Ashcraft stated that he would include this in the Trails Master Plan Review.

Council/Agency Member Sellers commented that since it seems unlikely that PL 566 will occur in our lifetime, and asked if there are any other options open to provide relief to citizens in the cost of flood insurance.

City Manager Tewes stated that this is usually something done by an assessment district to get bonds issued. The water district would be the lead agency, but both the city and the water district want to study other options. He also suggested that a better mapping of the downtown might also reduce the flood insurance rates.

Council/Agency Member Sellers asked if this could be presented to the community as an option to pay for the project or pay for the flood insurance as a trade off to get the project funded.

Director Ashcraft stated that in order to prevent downstream problems, we have to work in cooperation with the water district in building the project, but mapping can be redone and would help with the insurance charges. He will be meeting next week with the SCVWD and will discuss this then.

Council/Agency Member Grzan stated that the longer we don't do anything with the development of a linear park, the more development will occur and we will lose the possibility of being able to build such a park. He would advise acquiring the easements now rather than later, because the more we plan now will be better for the community.

This concluded the discussion of the CIP budget. There was a 5 minute break taken before the discussion of the work plans.

COMMITTEE & COMMISSION WORKPLANS

City Manager Tewes stated that the work plans are being presented to Council to obtain their input before formal action is taken.

Mayor Pro Tempore/Vice-Chair Tate asked if they would do a general review of the Planning Commission now or schedule something with the Planning Commission for a later date. The other work plans will be reviewed by the Public Safety and Community Services Committee as per Council direction from May 18 City Council meeting.

Council/Agency Member Sellers stated that the Planning Commission has requested a meeting with the Council on the downtown, and he would request that Council hold their discussion with them on this issue at that time.

Council/Agency Member Carr asked for clarification on what the staff needed from the Council today.

City Manager Tewes stated that they needed the Council to review and submit any questions they had on the work plans; and when the budget is adopted that the finalized plans be endorsed so the various commissions, boards and committees will know what they are to be doing in the coming year.

Mayor Pro Tempore/Vice-Chair Tate and Council/Agency Member Carr stated they would review them before the June 22 Council meeting.

Council/Agency Member Grzan asked that the Trails Master plan be included in the BTAC work plan; and the development along creeks and streams be part of the Planning Commission's work plan.

City Manager Tewes was pleased to report that the SCVWD is already reserving setbacks along creeks to keep development away from creeks on a county wide basis.

Council/Agency Member Grzan asked if the Library, Culture and Arts Commission has anything in their work plan regarding culture and arts. He also asked that the local art advocates concerns be included in any discussion of their work plan.

Mayor Pro Tempore/Vice-Chair Tate stated that the PS&CS will be defining what that will be for them to provide direction and their concerns will be included in that discussion.

Mayor Pro Tempore/Vice-Chair Tate stated that the Council would definitely want a meeting scheduled with the Planning Commission on the work plan and the downtown plan, and asked the City Clerk to coordinate the schedules and set this meeting. When asked for a preference on time to meet, he stated that early evening would be best.

City Manager Tewes stated he would have the City Clerk contact Council about possible meeting dates with the Planning Commission to discuss the work plan and the downtown plan.

Mayor Pro Tempore/Vice-Chair Tate and other Council Members thanked the staff for the excellent job done today in the work shop.

REVIEW OF BUDGET HEARING SCHEDULE

City Manager Tewes reviewed the schedule for the council's benefit, and asked if they want to review the budget policies and sustainable budget strategy.

Council/Agency Member Grzan asked what level of funds was being set aside this year to support the Chamber of Commerce. He stated that since IDI is receiving no funding next year, maybe some of these funds could be switched to the support of IDI.

City Manager Tewes stated that economic development funds from the RDA are going to the support of the Chamber. To use these funds to support IDI would be extending the definition of economic development.

Mayor Pro Tempore/Vice-Chair Tate reported that the Chamber's work plan is reviewed each year to assure they are spending dollars in a manner the Council wishes to support. The Council has an opportunity to fund or not fund. The Economic Development Committee helps to guide them in their use of city funds.

Council/Agency Member Grzan stated that he could not see any economic benefit to funding the Chamber of Commerce, but can see some direct benefits if we restore the \$25,000 to the Centennial committee or IDI. He would like the Council to consider changing this to reduce the amount contracted with the Chamber and put those funds into the Community Promotions Budget.

City Manager Tewes stated he could place this as an item to discuss at the budget hearing.

Mayor Pro Tempore/Vice-Chair Tate stated he is not comfortable with doing this in the budget hearing, but he is willing to look at it the next time the Chamber's contract comes before them for consideration.

City Manager Tewes stated that the Chamber will probably appear before the Council at the public hearing on the budget.

Council/Agency Member Grzan stated that the staff did an outstanding job with the presentation today. It has had a significant impact on him to see all that the city does, and it has been a wonderful learning opportunity for him. He thanked the staff for doing a great job.

Council/Agency Member Carr noted that the Mayor had sent his comments on the budget to the Council and wanted to make sure that the staff had also received them.

City Manager Tewes responded that they had been received, but the staff had not had time to review them. The Mayor had requested that they be made available for the work shop today.

Council/Agency Member Grzan stated that all the issues were addressed today already.

Council/Agency Member Carr stated that the one that catches his eye is the cutting off of after school programs if they are not willing to take the funding from our reserves. He does not suggest that dollars be changed around today, but is interested in talking more about this area in future discussions. He suggested that the Public Safety & Community Services Committee discuss how to find funding for these programs. He requested that a place holder be on these funds in case they find a good place or program to use the funds.

Council/Agency Member Grzan asked about the ongoing cost for the IRC that are not in this year's budget but will be in next year's budget, and the negotiations with the YMCA.

Assistant to the City Manager Dile stated that this will be coming up in August for discussion.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor Pro Tempore/Vice-Chairman Tate adjourned the meeting at 2:28 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY

MOIRA MALONE, DEPUTY CITY CLERK/DEPUTY AGENCY SECRETARY